

**GOVERNMENT OF ANDHRA PRADESH
ABSTRACT**

Youth Services & Sports–Allotment of GMC Balayogi Athletic Stadium, Gachibowli, Hyderabad on 26th December, 2010 for the 2nd International Kuchipudi Dance Convention to be organized by the Silicon Andhra, Hyderabad – Orders - Issued.

YOUTH ADVANCEMENT, TOURISM & CULTURE (SPORTS) DEPARTMENT

G.O. Ms. No. 85

Dated: 16.12.2010

Read the following:-

1. G.O.Ms.No.18, YAT & C (Sports) Department, Dt: 21.04.2006.
2. G.O.Ms.No.2, YAT & C (Sports) Department, Dt: 12.03.2008.
3. G.O.Ms.No.9, YAT & C (Sports) Department, Dt: 20.02.2009.
4. G.O.Ms.No.40, YAT & C (Sports) Department, Dt: 10.06.2010.
5. From VC & MD, SAAP, Lr.No.SAAP/VC&MD Peshi/IT/2010, Dt:15.11.2010.

ORDER:

In the reference 5th read above, it is informed by the Vice Chairman & Managing Director, Sports Authority of Andhra Pradesh (SAAP) that the application filed by SAAP on 25.03.2008 for registration as a charitable institution under Section 12 A of the IT Act, 1961 has been rejected by the Director of Income Tax (Exemptions) vide Proceedings F. No. DIT (E)/12A/106 (03)/2008-09, Dt:26.09.2008 on the ground that SAAP is using its stadia and other sports infrastructure for purposes other than the main object for which SAAP has been created that is for the promotion of only sporting activities.

2. Notice was issued to SAAP under Section 142 and 148 of the IT Act to file the return of income from the year 2003-04 and based on assessment of the income, the Income Tax Department has levied an amount of Rs.86.70 Crores as tax payable by SAAP out of which 30 % should be paid before 15.07.2009 and the remaining in 10 equal monthly installments starting from 31.08.2009. Four of the Bank Accounts of the Sports Authority of Andhra Pradesh have been freezed by the Income Tax Department for failure to pay the tax as per the above assessment.

3. The VC & MD, SAAP has further informed in the reference 5th read above, that the application filed by SAAP again on 18.03.2009 under Section 10 (23 C) (iv) of the IT Act, 1961 for consideration from the year 2004-05 onwards to treat the income received by SAAP as a charitable institution has also been rejected by the Chief Commissioner of Income Tax vide Proceedings F. No. CC/Tech-I/22 B (406)/09-10, Dt: 31.03.2010 on the ground that SAAP is using its stadia, other sports infrastructure and properties for non-sporting activities.

4. Government orders have been issued in the reference 4th read above, based on the proposal submitted by the VC & MD, SAAP, amending the rules issued by the government in the reference 1st to 3rd read above, prohibiting the usage of stadia, other sports infrastructure and the properties owned by Sports Authorities of Andhra Pradesh, District Sports Authorities and Mandal Sports Authorities for non-sporting events. Government have also issued specific directions to these authorities under the inherent powers vested with the government under Section 22 of the Sports Authorities of Andhra Pradesh Act, 1988 (Act No.4 of 1988) not to allot stadia, other sports infrastructure and the properties owned by them for non-sporting events and activities.

5. A fresh application has been filed before the Chief Commissioner of Income Tax by SAAP under Section 10 (23 C) (iv) of the IT Act, 1961 recently again based on the orders issued by the government in the reference 4th read above to treat the income received by SAAP as a charitable institution in view of the amendments already issued by the government to the rules prohibiting the allotment of stadia, other sports infrastructure and properties for non-sporting events and activities which is pending before the Chief Commissioner of Income Tax, Hyderabad.

6. The Director General of Income Tax (Exemptions), New Delhi in his Lr.F.No.DGIT (E)/2010-11/973, Dt: 29.11.2010 has also kept in abeyance till 31.01.2011 the enforcement of the income tax demand of Rs.85 Crores raised by the Income Tax Department keeping in view the orders issued by the government in the reference 4th read above amending the rules prohibiting usage of stadia, other sports infrastructure and properties for non-sporting events and activities.

7. The VC & MD, SAAP in the reference 5th read above has further informed enclosing a copy of the Letter, Dt: 10.11.2010 of Chairman, Silicon Andhra, Hyderabad that Silicon Andhra has requested for the allotment of GMC Balayogi Athletic Stadium on 26.12.2010 for the conduct of 2nd International Kuchipudi Dance Convention at Hyderabad. He has further informed that he has contacted the Director of Income Tax (Exemptions) on 11.11.2010 on the issue of allotment of stadium to Silicon Andhra, who has orally explained the following without any written clarifications;

"that IT Department's objection is to the commercial exploitation of sporting facilities for non-sporting purposes. Any income out of such non-sporting usage attracts the proviso under Section 2 (15) of the IT Act and makes the institution ineligible for IT exemptions under Section 12 A and Section 10 (23 C) (iv) of the IT Act. If the facility is used for any non-sporting activities without charging fees except incidental charges like electricity, water etc., that since there is no commercial exploitation that will not attract IT Act violations and further government may by special order or notification allow such event without collection of fees".

8. Government after careful consideration hereby direct the VC & MD, SAAP to allot GMC Balayogi Athletic Stadium, Gachibowli on 26.12.2010 to Silicon Andhra, Hyderabad for conducting 2nd International Kuchipudi Dance Convention on free of cost basis duly relaxing the conditions laid down in the orders issued in the reference 4th read above.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**A.K. PARIDA
PRINCIPAL SECRETARY TO GOVERNMENT**

To

The Vice Chairman & Managing Director, SAAP, Hyderabad.

//FORWARDED BY:: ORDER//

SECTION OFFICER